



State of California—Health and Human Services Agency  
Department of Health Care Services



GAVIN NEWSOM  
GOVERNOR

Date: June 9, 2022

Behavioral Health Information Notice No: 22-032

TO: California Alliance of Child and Family Services  
California Association for Alcohol/Drug Educators  
California Association of Alcohol & Drug Program Executives, Inc.  
California Association of DUI Treatment Programs  
California Association of Social Rehabilitation Agencies  
California Consortium of Addiction Programs and Professionals  
California Council of Community Behavioral Health Agencies  
California Hospital Association  
California Opioid Maintenance Providers  
California State Association of Counties  
Coalition of Alcohol and Drug Associations  
County Behavioral Health Directors  
County Behavioral Health Directors Association of California  
County Drug & Alcohol Administrators

SUBJECT: County Mental Health Plan 274 Provider Network Data Reporting

PURPOSE: Notifies counties about the requirement to submit Mental Health Plan (MHP) provider network data to the Department of Health Care Services (DHCS) using the X12 274 Health Provider Directory standard. This directive is applicable only to MHPs. Instructions for submitting Drug Medi-Cal Organized Delivery System (DMC-ODS) provider network data will be sent in a separate Behavioral Information Notice.

REFERENCE: [Welfare & Institutions \(W&I\) Code Section 14197](#); Behavioral Health Information Notice (BHIN) No: [21-023](#)

**BACKGROUND:**

On May 6, 2016, the Centers for Medicare and Medicaid Services (CMS) published the Medicaid and Children's Health Insurance Program Managed Care Final Rule (Managed Care Rule), which revised 42 Code of Federal Regulations (C.F.R.). These changes aimed to align Medicaid managed care regulations with requirements of other major sources of coverage. MHPs and DMC-ODS plans are classified as Prepaid

Inpatient Health Plans under federal law and must therefore comply with federal managed care requirements (with some exceptions). Three parts of the Managed Care Rule comprise the majority of network adequacy standards: 42 C.F.R. part 438.68 Network adequacy standards; part 438.206 Availability of services; and part 438.207 Assurance of adequate capacity and services.

W&I Code section 14197 includes time and distance and timely access standards and requires MHPs to demonstrate compliance with those standards.

DHCS is responsible for monitoring its contracted MHPs to determine compliance with state and federal network adequacy standards. DHCS currently requires MHPs to submit provider network data in an Excel format called the Network Adequacy Certification Tool (NACT). DHCS is replacing the NACT with the X12 274 Health Care Provider Directory (Version 004050X109), herein referred to as the “274 standard”, for all Behavioral Health plans. The 274 standard is an Electronic Data Interchange standard selected by DHCS to ensure provider network data submitted to DHCS is consistent, uniform, and aligns with national standards. To submit data to DHCS via the 274 standard, each MHP must complete all testing requirements (details are provided in the Requirements Section below) and receive DHCS approval.

42 Code of Federal Regulations part 438.207 and W&I Code section 14197, subdivision (f), authorize the Department to alter the format and frequency of the MHPs’ network data reporting, and W&I Code section 14197, subdivision (i) authorizes DHCS<sup>1</sup> to issue guidance by BHIN.

#### POLICY:

By September 2022, MHPs are required to submit provider network data to DHCS using the 274 standard on a monthly basis and must be submitted between the 1<sup>st</sup> and 10<sup>th</sup> of each month.<sup>2</sup> Instructions for testing and submitting 274 files in production are included in the Requirements Section of this information notice. This information notice does not replace the annual federal network certification requirements. The annual federal

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<sup>1</sup> 42 Code of Federal Regulations part 438.207(a) requires MHPs to submit data demonstrating compliance with the Department’s network adequacy requirements, and paragraph (b) authorizes the Department to specify the format of those submissions. W&I Code section 14197, subdivision (a) requires the Department to implement 42 Code of Federal Regulations parts 438.68, 438.206 and 438.207 (and section 14197). W&I Code section 14197, subdivisions (b), (c), and (d) require MHPs to meet the specified time or distance and timely access standards. Subdivision (f)(1) requires MHPs to demonstrate compliance with the time or distance and timely access requirements annually, and when requested by the Department. Subdivision (i) authorizes DHCS to interpret and implement section 14197 by information notice.

<sup>2</sup> W&I Code section 14197(f)(1)

network certification requirements will continue to be sent to the plans in a separate Information Notice. Furthermore, the 274 reporting requirements for DMC-ODS plans are in the development stages, and DMC- ODS plans will be contacted separately to participate in the 274 DMC-ODS workgroup.

MHPs may claim reimbursement for costs associated with this project. Please review the [MHSUDS Information Notice 18-012](#) for more information regarding costs eligible for reimbursement.

#### **REQUIREMENTS:**

1. The monthly 274 provider network data submissions shall include:
  - a. Outpatient and psychiatry Specialty Mental Health Services (SMHS) providers that are within the MHP's provider network at the Group (Organization), Site, and Provider detail level (rendering service provider). This includes providers outside the county borders if they are within the county network.
  - b. Inpatient/hospital and residential facility reporting at the Group (Organization) and Site level. For further guidance, please refer to the 2022 Federal Network Certification Requirements for County Mental Health Plans and Drug Medi-Cal Organized Delivery Systems (DMC-ODS), which DHCS will publish in the summer of 2022.

**Please note:** Provider network reporting includes county-owned, contracted, and Fee- for-Service (FFS) providers within the county network. For FFS providers, the physical location where services are performed should be included, unless it is at the beneficiary's home.

2. Compliance Deadlines, Submission Format, and Testing Requirements
  - a. Using the instructions provided in the X12 274 Health Care Provider Directory (version 004050X109) Implementation Guide (IG) and the MHP 274 Companion Guide, MHPs are required to collect data for submission within 90 days of the release of this guidance. Therefore, the first submissions are due by September 2022. Subsequent to the first submission, MHPs are required to submit 274 provider network data to DHCS on a monthly basis.
  - b. All documents and supporting materials necessary for Plans to create and transmit 274 transactions are located in the [274 SharePoint site](#) which is available to authorized MHP personnel. MHP employees and

their authorized vendors may request access to the 274 SharePoint site by sending an email to [274Expansion@dhcs.ca.gov](mailto:274Expansion@dhcs.ca.gov). The specific materials available in the 274 SharePoint site include:

- **MHP 274 Standard Companion Guide (CG).** This document is to be used in addition to the 274 IG, for additional business rules and requirements specific to the MHPs.
  - **Frequently Asked Questions (FAQs).** This document is maintained by DHCS to address questions submitted to the MHPs.
  - **NACT Data Mapping to the 274 Format.** This document provides guidance on mapping the NACT data elements to the 274 format. However, MHPs must use the 274 IG and CG as the official instructions for formatting the 274 transactions.
  - **274 Transition/Testing Planning Document.** This document provides instructions for submitting test and production files to DHCS, timing and frequency, and the DHCS approval processes.
  - **274 file layouts and templates.** Sample 274 data and response files are included to assist MHPs in the development process.
  - **Workgroup meeting materials and recordings.** DHCS will continue to host workgroup meetings to assist MHPs during the 274 transition process.
  - **Note:** The X12 274 Health Care Provider Directory (version 004050X109) Implementation Guide is available for purchase at X12.org.
- c. Prior to the submission of monthly 274 provider network data files in production, MHPs must complete all three phases of testing requirements outlined in the 274 Transition Planning document and receive approval from DHCS. This document is available in the [274 SharePoint Site](#).
- d. Upon successful completion of the testing requirements and approval from DHCS, MHPs may begin monthly submission of 274 provider network data. MHPs may begin submitting 274 production files, ahead of the compliance timeline, if all testing requirements are complete and upon approval by DHCS.
- e. Once all MHPs have successfully and accurately implemented data elements of the 274 standard, DHCS will use that data as the sole

source for analysis and the NACT will be phased out. Until full 274 standard adoption is complete, both the NACT and 274 standard submissions are required.

### 3. Submission Instructions

Detailed instructions for submitting 274 files in test and production are included in the 274 Transition/Test Planning Document. The following provides a summary of the submission process for test and production files; however, MHPs must review and follow instructions provided in the [274 Transition Planning Document](#).

- a. MHPs are required to submit complete, accurate, reasonable, and timely provider data in the 274 standard format on a monthly basis. The 274 files must be submitted between the 1<sup>st</sup> and 10<sup>th</sup> day of each month for the previous month's provider network data. All 274 data files must be submitted through the DHCS\_PACES Transfer Protocol (SFTP) site. DHCS will establish SFTP accounts for each MHP and will grant access to designated personnel who are authorized to secure access on the MHP's behalf. Requests for SFTP authorization must be submitted to the [274Expansion@dhcs.ca.gov](mailto:274Expansion@dhcs.ca.gov) email address.
- b. Each MHP will have two sets of SFTP folders that house both test and production submissions separately. Each set contains both a "Submit" folder and a "Response" folder. MHPs can submit provider data files by saving them in the "Submit" folder where DHCS' system will automatically retrieve the files for processing.
- c. Once a file has been successfully processed, it will automatically be removed from the "Submit" folder and DHCS will post a confirmation to the "Response" folder. MHPs must not change the SFTP folder structures in any way as this will disrupt file processing.
- d. Response Files
  - MHPs are responsible for monitoring the "Response" folders and retrieving all response files in a timely manner. DHCS will return a Validation Response File (VRF) for each submitted provider data file.
  - The VRF will provide details on whether a file was accepted or rejected in its entirety. There will be no partial file acceptance. If rejected, the VRF will include information on the errors that occurred with the file.
- e. Resubmission of Rejected Files/Late Submissions. If a provider data file submission is rejected, it must be corrected and resubmitted as a

new file on or before the 10<sup>th</sup> day of each month for the previous month's reporting period. Files cannot be corrected at the record level, therefore, an entirely new file must be resubmitted with the corrected data. For submission of files outside of the regular file submission timeframe, the data will be processed the following month.

If DHCS or the County determines that a file needs to be resubmitted after the initial submission due to errors or omissions, counties may resubmit full replacement files upon approval by DHCS at any time after the initial submission. The 274 Companion Guide includes instructions for file corrections and resubmissions in Section 3.7 – File Corrections.

4. Submission Compliance

MHPs are required to submit complete, accurate, reasonable, and timely provider data on a monthly basis. MHPs that fail to meet the reporting requirements may be issued a Corrective Action Plan and be subject to sanctions or penalties for non-compliance in accordance with W&I Code section 14197.7.

5. 274 Workgroup Meetings

DHCS will continue to host monthly 274 workgroup meetings as needed until all MHPs have transitioned to the 274 standard. Meeting dates and times are communicated via email to all project participants designated by the MHPs. To add or delete workgroup project participants, send an email to [274Expansion@dhcs.ca.gov](mailto:274Expansion@dhcs.ca.gov).

6. Where to Submit Questions

Any questions about this Information Notice can be sent to the following electronic mailbox: [274Expansion@dhcs.ca.gov](mailto:274Expansion@dhcs.ca.gov). Designated DHCS staff members will monitor the mailbox daily and will respond to questions accordingly.

Sincerely,

Original signed by

Shaina Zurlin, PsyD, LCSW, Chief  
Medi-Cal Behavioral Health Division